

# Exhibit 1

## Archegos SDNY Press Conference

April 27, 2022

**Damian Williams:** Good morning. My name is Damian Williams and I'm the U.S. Attorney for the Southern District of New York. I am joined today by the Deputy Attorney General Lisa Monaco, FBI Special Agent in Charge Michael Brodack, SEC Enforcement Director Gurbir Grewal, and CFTC Deputy Director of Enforcement Bernard Saltan.

Today we unsealed racketeering, conspiracy, securities fraud, wire fraud, and market manipulation charges against Bill Hwang, the founder of Archegos Capital Management, and Patrick Halligan, the CFO of Archegos Capital Management, for perpetrating a massive fraud and market manipulation scheme that nearly jeopardized our financial system. This scheme was historic in scope. We allege that the Defendants and their co-conspirators lied to banks to obtain billions of dollars that they then used to inflate the stock price of a number of publicly traded companies. The lies fed the inflation, and the inflation fed more lies. Round and round it went. But, last year, the music stopped. The bubble burst. The prices dropped and, when they did, billions of dollars merely evaporated overnight. In the aftermath, so many people started searching for answers and accountability. Well, so did we here at the Southern District of New York. Before I say a little bit more about the charges, I want to invite up the Deputy Attorney General Lisa Monaco for some remarks.

**Lisa Monaco:** Thank you so much Damian and good afternoon everyone. We're here today because of the swift action of the prosecutors of the Southern District of New York working with federal and state and local law enforcement partners. We are here today to hold accountable multiple corporate executives from Archegos Capital Management, whose alleged crimes jeopardized not only their own company, but also innocent investors and financial institutions around the world. Let me just make a few points. First, I am in New York today because this is exactly the type of criminal case that the Department of Justice should prioritize, and we will continue to do so. I want to commend the incredibly hard, incredible hard work of the women and men of the Southern District of New York, of the FBI, and our law enforcement partners, not just for their exceptional investigative work, but for the speed with which they conducted this investigation. Cases against corporate executives are among the most complex the Department of Justice brings, and the Southern District of New York continues to spearhead these types of investigations and the Department's leadership is committed to ensuring that this office, and others across the country, have the resources to bring even more.

Second, this announcement reflects the Justice Department's continued effort to impose individual accountability on those who commit corporate crime. As the Attorney General and I have made clear, it is unambiguously that this department's first priority in corporate criminal matters to prosecute the individuals who commit corporate crime and who profit from corporate malfeasance, including when those individuals occupy the C-Suite. We will hold accountable those that break the law and promote respect for the laws designed to protect investors, consumers, and employees. Finally, this case reaffirms that when executives commit crimes, those crimes and that conduct affect companies and ordinary citizens alike. As I know from my own experience as a prosecutor, this kind of crime, the kind of crime that leaves a financial crater in its wake, this kind of crime jeopardizes pensions, savings, and jobs. We are committed to doing all we can to root out

Archegos SDNY Press Conference

April 27, 2022

Page 2 of 6

corruption in financial markets and to hold accountable those who perpetrate fraud on the investing public. Now let me turn it back over to the U.S. Attorney.

**Damian Williams:** Now I'll provide more details about the nature and scope of the misconduct revealed in our investigation as alleged in the indictment. Since 2014, Bill Hwang has run Archegos as a private hedge fund or family office. Now those hedge funds are subject to rules that allow regulators to have insight into the funds' holdings and debt, rules that can shine a light on problems before they balloon into crises. Family offices are not subject to those rules. These defendants committed this fraud in the darkness. How'd they do it? We allege that Hwang invested in stocks mostly through special contracts with banks and brokers called Swaps. These swaps allowed Hwang to cause massive buying of certain stocks, including at carefully selected days and times to pump up stock prices, and he lied to banks and used a series of manipulative trading techniques to keep those prices high and prevent them from falling.

Guys, we allege in the indictment this was not business as usual or some sophisticated strategy. It was fraud. And because Hwang traded mostly through swaps, he was able to do the massive buying alleged in the indictment without anyone knowing that Archegos was actually behind all the trading. Regular market participants, and even the companies themselves, were duped into thinking the prices that they were seeing were caused by a normal interplay of supply and demand. But instead, as we allege, they were caused by Hwang's manipulative trading. The scale of the trading was stunning. In one year, Hwang turned a 1.5 billion dollar portfolio and pumped it up into a 35 billion dollar portfolio – one year. We allege that he did it by inflating the stock price of a number of public companies. Let me give you an example from the indictment. By March of last year, 2021, Hwang effectively controlled more than 50% of freely traded shares of ViacomCBS and no one outside of Archegos knew about it. Not the investors purchasing Viacom in the market, not the executives at Viacom itself, not even the banks and the brokerages that held the stock as part of the swaps. As we allege, by using various banks and brokerages for these swaps, by spreading it out, Hwang made sure that no single institution would have any idea that he was behind all of this trading. But that's not all. The indictment alleges that in order to get the billions of dollars that Archegos needed to sustain this massive market manipulation scheme to keep buying and buying to keep the prices up and up, Hwang and his co-conspirators duped some of Wall Street's leading banks. How'd they do that? We allege that they lied...a lot. They lied about how big Archegos' investments had become. They lied about how much cash Archegos had on hand. They lied about the nature of the stocks that Archegos held. And we allege that they told those lies for a reason. So that the banks would have no idea that Archegos was really up to a big marketing manipulation scheme, how risky the portfolio was, and what would happen if the bubble burst one day. Well, that day came. About a year ago, the market turned, and Hwang couldn't control it. The stock prices he had inflated crashed, causing immense damage to our financial markets and ordinary investors. We started digging through that wreckage. We mastered the trading. We put the pieces together and that's how we got here today.

When I was sworn in as U.S. Attorney, I said that this office would be relentless in routing out corruption in the financial markets. I intend to keep that commitment. I know it's a commitment that is shared by the Attorney General and the Deputy Attorney General, and I want to thank her

Archegos SDNY Press Conference

April 27, 2022

Page 3 of 6

for her support of our office and for the entire U.S. Attorney community. I also want to thank our partners at the FBI, the SEC, and the CFTC. Their dedication and hard work on this investigation was invaluable. Finally, I want to thank the career prosecutors from my office who are handling this case: Andrew Thomas, Matthew Podolsky, Alex Rossmiller, and their supervisors Andrea Griswold and Scott Hartman, the chiefs of Securities and Commodities Fraud Task Force. I now would like to invite up FBI Special Agent in Charge, Michael Brodack.

**Michael Brodack:** Thank you Damien and good morning. Today's charges tell a story of how Hwang and his co-conspirators convinced major financial institutions to enter into agreements with them based on lies. The result of which ultimately led to a massive market manipulation scheme. As alleged, they propped up the stock prices of publicly traded organizations by engaging in contracts with lenders, concealing the nature of their trading activity, and misleading banks about their stock position. The appearance of a natural supply and demand environment was merely a smokescreen and, when the veil was lifted, considerable damage to the investment industry was revealed. We allege the defendants caused harm to U.S. financial markets and ordinary investors alike. While banks lost billions of dollars individually, Archegos employees lost millions. I would like to thank the Deputy United States Attorney General Lisa Monaco, as well as U.S. Attorney for the Southern District of New York Damian Williams and his office for their partnership in this investigation, especially co-chiefs of the Securities and Commodities Task Force Andrea Griswold and Scott Hartman, and Assistant U.S. Attorneys Andrew Thomas, Matthew Podolsky, and Alex Rossmiller. I'd also like to thank the SEC, the CFTC, and of course the FBI's entire Securities Fraud and Financial Crimes team for their hard work on this case. Thank you.

**Damian Williams:** I'd like to invite up SEC Enforcement Director Gurbir Grewal.

**Gurbir Grewal:** Thank you, Damian. Good morning, everyone. I'm Gurbir Grewal, Director of the SEC's Division of Enforcement. Today in a parallel civil complaint, the SEC filed charges against Archegos Capital Management, its principal Sung Kook or Bill Hwang, and three of its employees for their roles in orchestrating a multi-billion-dollar scheme to fraudulently inflate the stock prices of multiple companies, and to mislead a number of financial institutions. As alleged in our complaint, starting in 2020 and continuing through March 2021, Hwang and others propped up Archegos as a \$36 billion-dollar house of cards. They did so by engaging in a constant cycle of manipulative trading, by lying to banks to obtain additional trading capacity, and then by using that additional capacity to engage in still more manipulative trading. But Hwang's house of cards could only be sustained if that cycle of deceptive trading of lies and buying power continued uninterrupted. But once Archegos' buying power was exhausted, stock prices fell and the entire structure collapsed of its own weight leaving, as we allege, Archegos' counterparties with nearly 10 billion dollars in losses. At the same time, the defendants conduct also hurt investors. Investors that purchased stock at inflated prices caused by defendant's manipulative conduct. My law enforcement colleagues have already laid out the alleged details of the scheme, so I won't repeat what's been said, but I want to focus on 3 key takeaways from today's enforcement action. First, the integrity of our markets matter. The investing public needs and must have confidence that the stock that they are buying is not being inflated, or deflated for that matter, by artificial forces. This case demonstrates our collective commitment to maintaining fair and orderly markets, and rooting

Archegos SDNY Press Conference

April 27, 2022

Page 4 of 6

out manipulative conduct even difficult to detect misconduct orchestrated by individuals using opaque structures like family offices and complex instruments, like the swaps at issue in this case. Second, this case underscores how the actions of just one firm could have far reaching market implications. As alleged Archegos drove up the stock price of multiple issuers and induced other market participants to buy at artificially inflated prices. And after Archegos collapsed, its institutional counterparties suffered billions of dollars in losses in an extremely short period of time. That's why as Chair Gensler has emphasized, prime brokers, and institutional counterparties and other market participants must remain vigilant to the risks presented by counterparty relationships. Third, this case is yet another example of our commitment to holding individuals and not just corporate actors accountable for misleading the markets and financial institutions. Since at least 2017, approximately 70% of our enforcement actions have included one or more individuals as parties because corporations can only act through individuals. So, our accountability efforts will continue to target all actors responsible for corporate malfeasance. I would like to recognize our Division of Enforcement team from two of our specialized teams that worked on this matter. They're from the Asset Management Unit and our Complex Financial Instruments Unit. I want to thank them for their exemplary investigative work in marshalling and analyzing extensive and complex trading data in putting this case together. Josh Brodsky, David Zetlin-Jones, and Brian Fitzpatrick investigated this matter under the supervision of Andrew Dean and Osman Nawaz. They'll continue to be involved in this matter going forward and Jack Kaufman will lead the litigation for us. Finally, I want to thank my law enforcement colleagues. This is an example of our longstanding and productive working relationships with the United States Attorney's Office for the Southern District of New York, the Federal Bureau of Investigation, and the Commodity Futures Trading Commission. In particular, I want to thank Deputy Attorney General Monaco for her leadership and her efforts in enhancing corporate responsibility and accountability. I want to thank U.S. Attorney Williams and his colleagues in the Securities and Commodities Fraud Task Force for their excellent work. And thank you also to Mike Brodack and his colleagues from the Federal Trade Commission and to Manal Sultan and her colleagues at the CFTC. And with that, let me turn it back to U.S. Attorney Williams. Thank you.

**Damian Williams:** Happy to take some questions.

**Question 1:**

Q: Does the government plan to seek custody of the defendants involved ahead of trial?

A: Well, we're going to be appearing in court later today. We'll make the position known at that time. I have nothing to announce right now.

**Question 2:**

Q: I was curious about Mr. Tomita and Mr. Becker and whether they also are facing criminal charges?

A: Yeah, I can announce now that they have been charged, they have pled guilty, and they are cooperating with the government's investigation. Next question.

Archegos SDNY Press Conference

April 27, 2022

Page 5 of 6

Question 3:

Q: You had mentioned earlier that this came close to jeopardizing the financial markets. Could there be 10 other individuals out there like this that we don't know about because they can operate behind the scenes so well? And – you know – is there anything that needs to change in the financial system so that this can't happen?

A: That's a fair question. I can't speculate as to what else may be out there. I can tell you that we are committed along with our partners at the SEC, CFTC, and the FBI and every other agency that we work with, to find out if there are other bad actors. This has been what the Southern District of New York has been working at for a while, this is what we do, this is our bread and butter and we'll keep at it as long as we need to. Next question.

Question 4:

Q: Two questions. On Hwang, did he surrender this morning? And second, for investors who lost money and employees who lost their insurance, is there any recourse or anything that the government is doing to get these people some of their money back?

A: So, on the first question, no, they were arrested. Both defendants were arrested this morning by the FBI. On the second question, there is a forfeiture allegation in the indictment. The indictment is very detailed. I'm not going to be able to speak to what we may be able to recover at this point. But forfeiture and restitution are two things we always see in these cases, and I expect we will do so here. Next question.

Q: Are there going to be any consequences for banks that missed these actions? [unintelligible]

A: It's fair to say the indictment alleges a number of lies that were told to both banks and to other financial institutions, and that these lies were integral to the success of the overall scheme not only on the fraud side and also on the market manipulation side. As to whether or not there are any other consequences those banks may face, I can't speak to that.

Q: Were they arrested at home? First question, and second, I know you mention there was jeopardizing of the markets. Could you go into more detail as to how close we actually were to have something damaging the markets like 2008. How close were we to that?

A: So, I am not going to be able to speak as to how close we got to a worse outcome here. I think there has been lot of coverage of the collapse of Archegos. What I can speak to is what the Deputy Attorney General mentioned earlier, which is the speed with which we were able to get to the bottom of this conduct. These cases are hard. These cases are complex. They often take a lot of time. I'm proud we were able to bring this investigation to a conclusion within a year of conduct being found. And I think that's a model for what we will continue to do going forward in this space.

Q: And they were arrested at home?

Archegos SDNY Press Conference

April 27, 2022

Page 6 of 6

A: I can't speak to where they were arrested.

Q: What about the individual named as Advisor 1 in the indictment? Is that person facing charges or repercussions?

A: I cannot go beyond what is contained in the indictment. I was able to speak to the other folks who were charged in connection with the investigation because those instruments are now unsealed.

Thank you.